

Fiscal 2004

Export Forecasts for Agricultural, Fishery & Solid Wood Products

Since November...

AgExport Forecast Lowered \$500 Million to \$59.0 Billion

AgImport Forecast Raised \$1 Billion to \$49.5 Billion

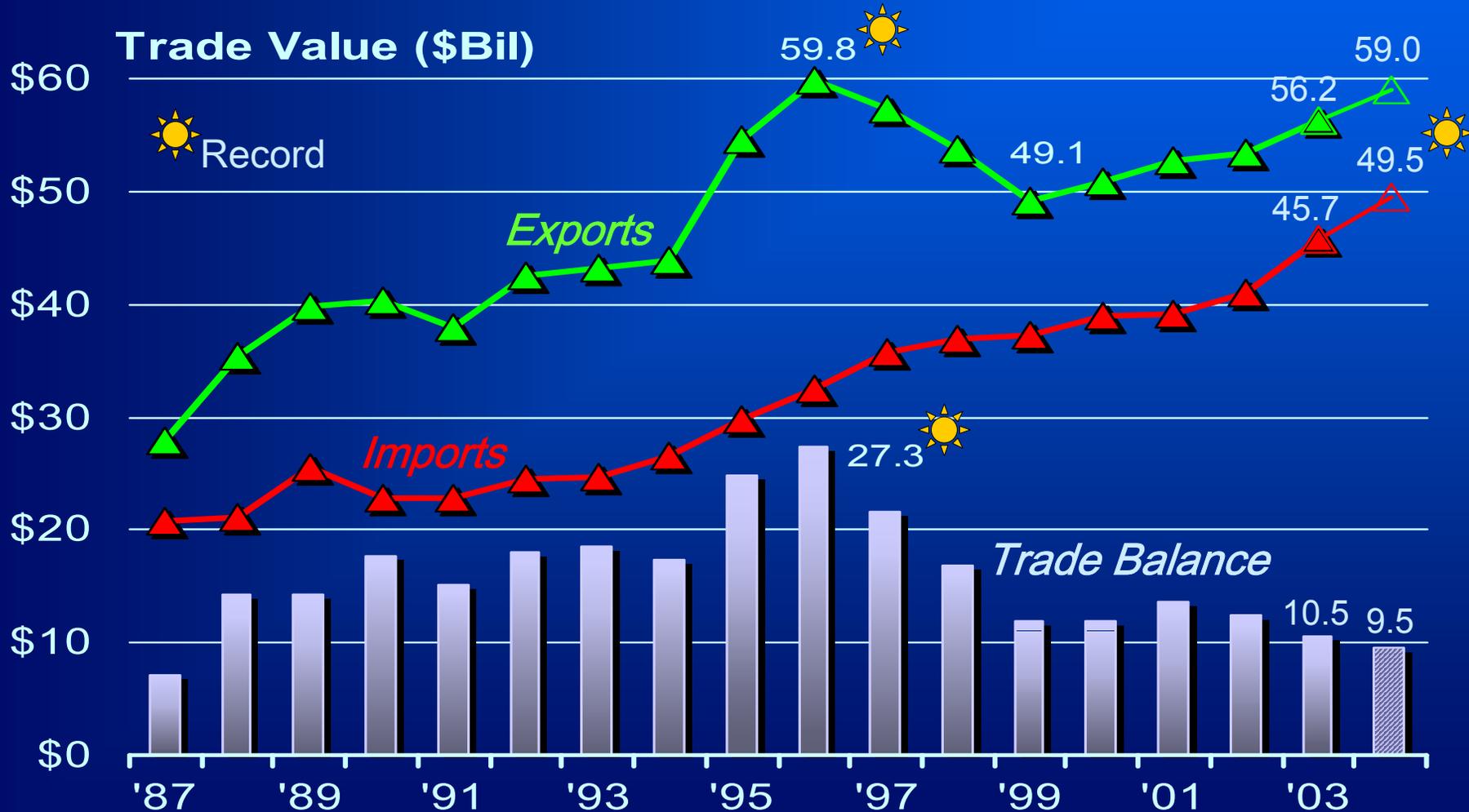
AgTrade Surplus Lowered to \$9.5 Billion

USDA's "Outlook for U.S. Agricultural Trade"
was released at 9am EST on February 19th, 2004

Prepared by Foreign Agricultural Service/USDA

U.S. Agricultural Trade

Improved outlook for grains, cotton & horticulture products and higher oilseed prices raise exports in 2004, despite BSE-related losses for beef and cattle. With imports up \$3.8 billion, the trade surplus falls to \$9.5 billion.



Product/Country Export Projections, 2004

Key Commodity Changes Since November

(\$ Billions)	Final FY 2003	FY '04 Nov	FY '04 Feb	Nov/Feb Chg	Main Reasons
Beef/pork/offals	5.178	5.5	2.9	-2.6	(-) BSE-related bans on beef
Oth livestock prods	3.896	3.8	3.1	-0.7	(+) BSE-bans on hides, fats, etc
Corn	4.563	4.9	5.9	+1.0	(+) price & volume
Hort prods	11.903	12.0	12.3	+0.3	(+) fruit, treenuts, wine, ess oils
Corn (mmt)	41.037	47.5	51.0	+3.5	Argentine/China competition
Beef/pork/offal (mmt)	1.993	2.0	1.1	-0.9	BSE-related bans 70+ cntys
Wheat (mmt)	24.434	28.0	29.0	+1.0	EU/Russia/Ukraine competition

Key Countries & Changes Since November

(\$ Billions)	Final FY 2003	FY '04 Nov	FY '04 Feb	Nov/Feb Chg	Main Reasons
China	3.473	5.4	5.4	no chg	(+) soybean vol; (-) BSE bans
Japan	8.840	9.1	7.8	-1.3	(-) BSE bans; (+) grain prices
South Korea	2.732	2.9	2.1	-0.8	(-) BSE bans; (+) grain prices
Mexico	7.655	8.2	7.7	-0.5	(-) BSE bans; (+) prices/hort
Canada	9.115	9.4	9.9	+0.5	(+) high-value prods/lower US\$

Export Outlook for Grain & Feed Products

Revised FY 2004 Forecast:  \$1.8 Billion to \$17.1 Billion

Revised FY 2004 Forecast

Upside Developments

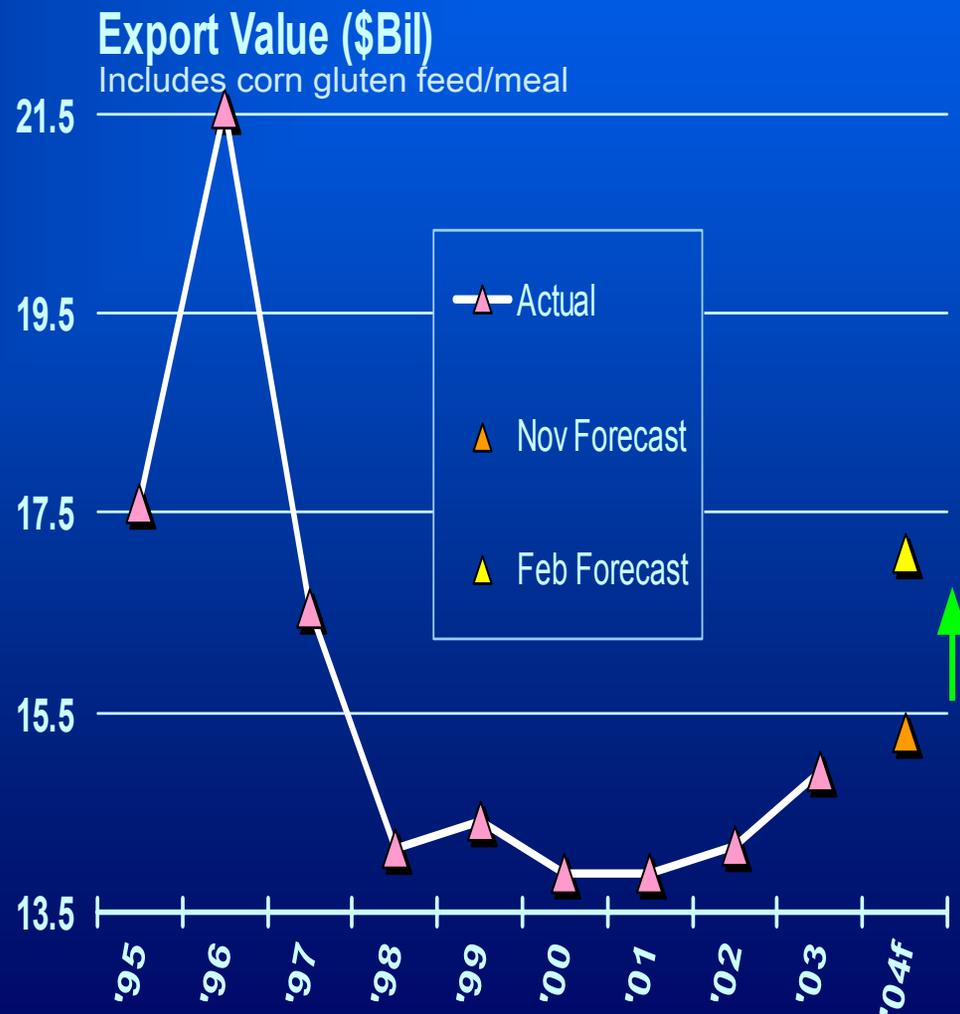
- Global grain situation tight by historic standards
- Corn & wheat vols/unit values rise boosting value \$1.5 billion

Downside Developments

- BSE-related trade ban lowers pet food/compound feed exports

Wild Cards

- China's corn and wheat situation; outstanding U.S. wheat sales to China
- Avian influenza outbreaks in Asia and their impact on feed grain demand



Export Outlook for Oilseeds & Products

Revised FY 2004 Forecast:  \$300 Million to \$10.9 Billion

Revised FY 2004 Forecast

Upside Developments

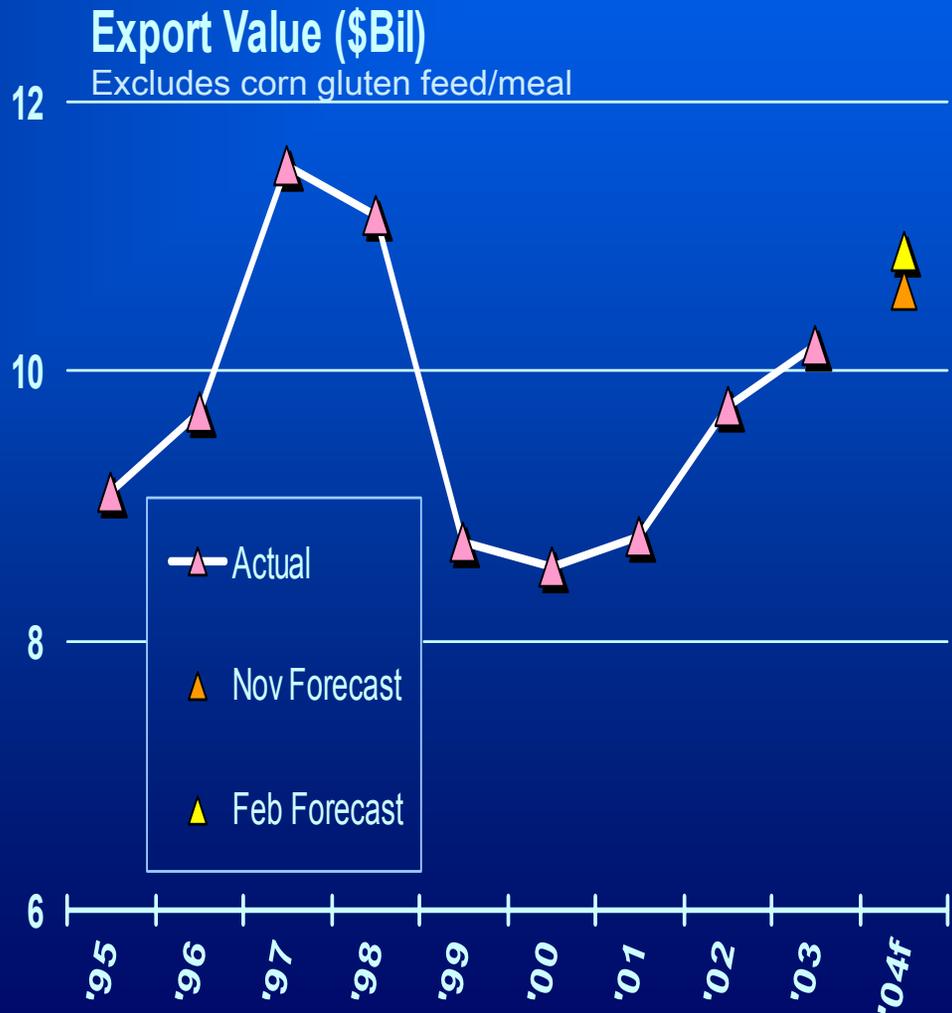
- China's soybean import demand (a record 23 mmt) raises US export volume further
- High soybean and other oilseed prices boost value

Downside Developments

- Tight domestic soybean supply limits exports

Wild Cards

- Size of South American soybean crops
- Avian flu outbreaks in Asia and their impact on feed demand



Export Outlook for Cotton & Linters

Revised FY 2004 Forecast:  \$200 Million to \$4.1 Billion

Revised FY 2004 Forecast

Upside Developments

□ None

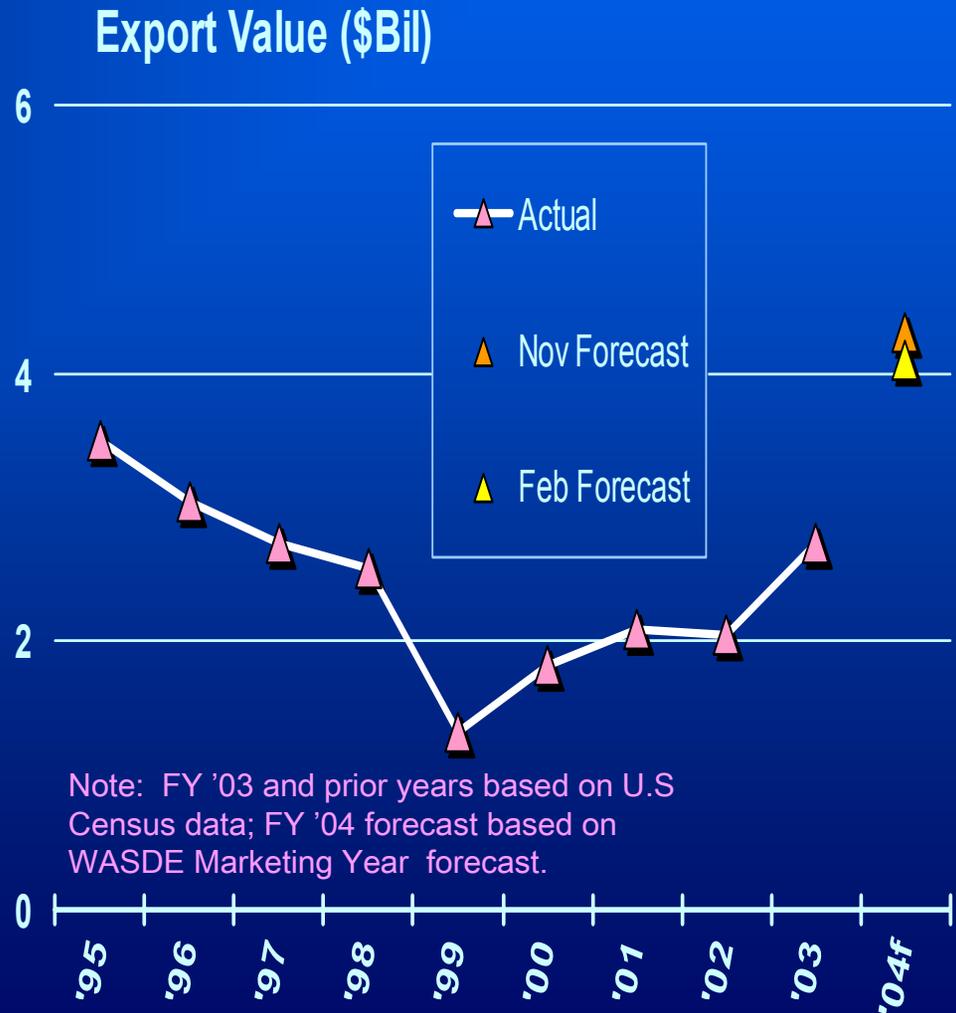
Downside Developments

□ Demand (particularly in China) has proven less robust than expected

Wild Cards

□ Fluctuation in oil prices could change synthetic use

□ Poor weather could hurt Southern Hemisphere crop



Export Outlook for Dairy, Livestock & Poultry

Revised FY 2004 Forecast:  \$3.1 Billion to \$9.6 Billion

Revised FY 2004 Forecast

Upside Developments

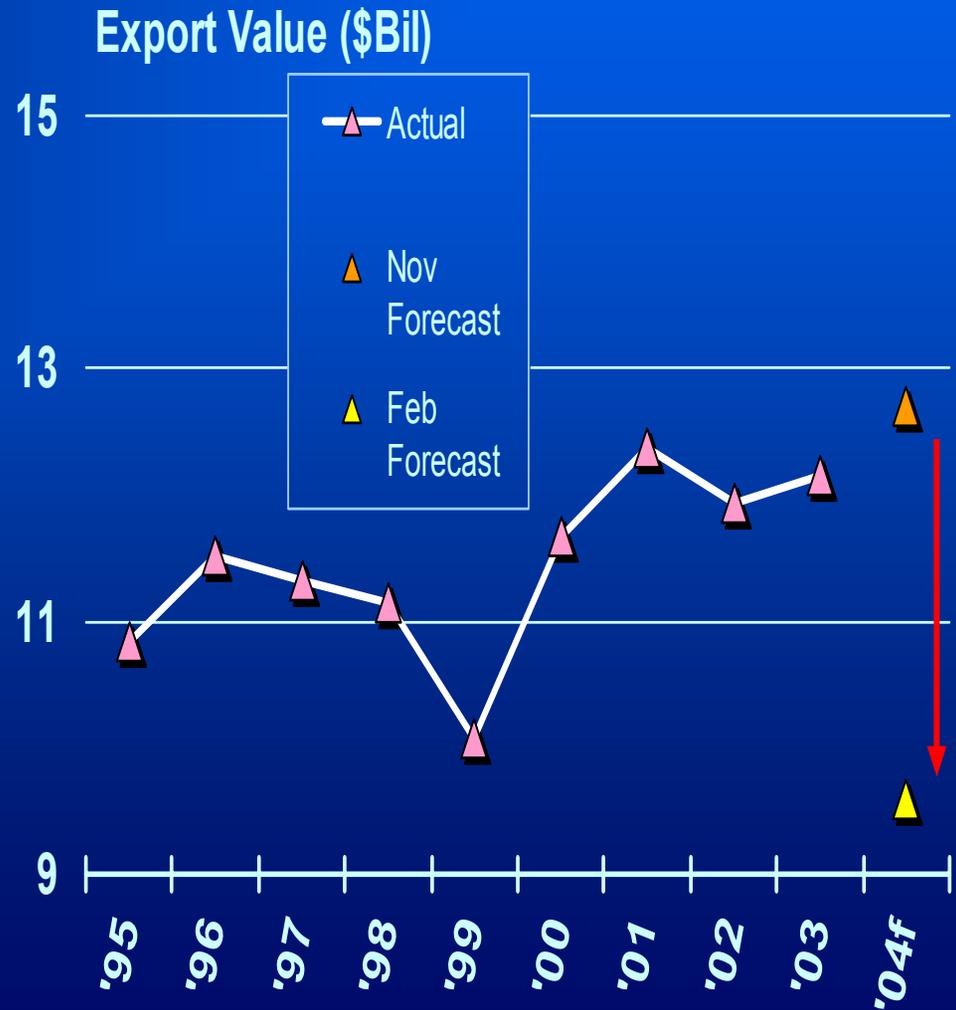
- Pork exports up to \$1.7 billion on higher prices & some vol increase
- Broiler meat exports rise due to smaller competitor supply & higher prices

Downside Developments

- BSE-related trade bans (70+ markets) sharply lower beef and offal sales; smaller impacts on hides, tallow & live cattle/genetics

Wild Cards

- When will BSE trade bans be lifted on beef & livestock prods?
- Avian influenza status in Asia & three U.S. states



Export Outlook for Horticultural Products

Revised FY 2004 Forecast:  \$500 Million to \$12.8 Billion

Revised FY 2004 Forecast

Upside Developments

- North American demand is very strong
- Good almond supply & excellent walnut crop
- Citrus and juice exports expected to be strong

Downside Developments

- Vegetable exports remain stagnant

Wild Card

- U.S. dollar exchange rates



Export Outlook for Fishery Products

Revised FY 2004 Forecast: Unchanged at \$3.1 Billion

Revised FY 2004 Forecast

Upside Developments

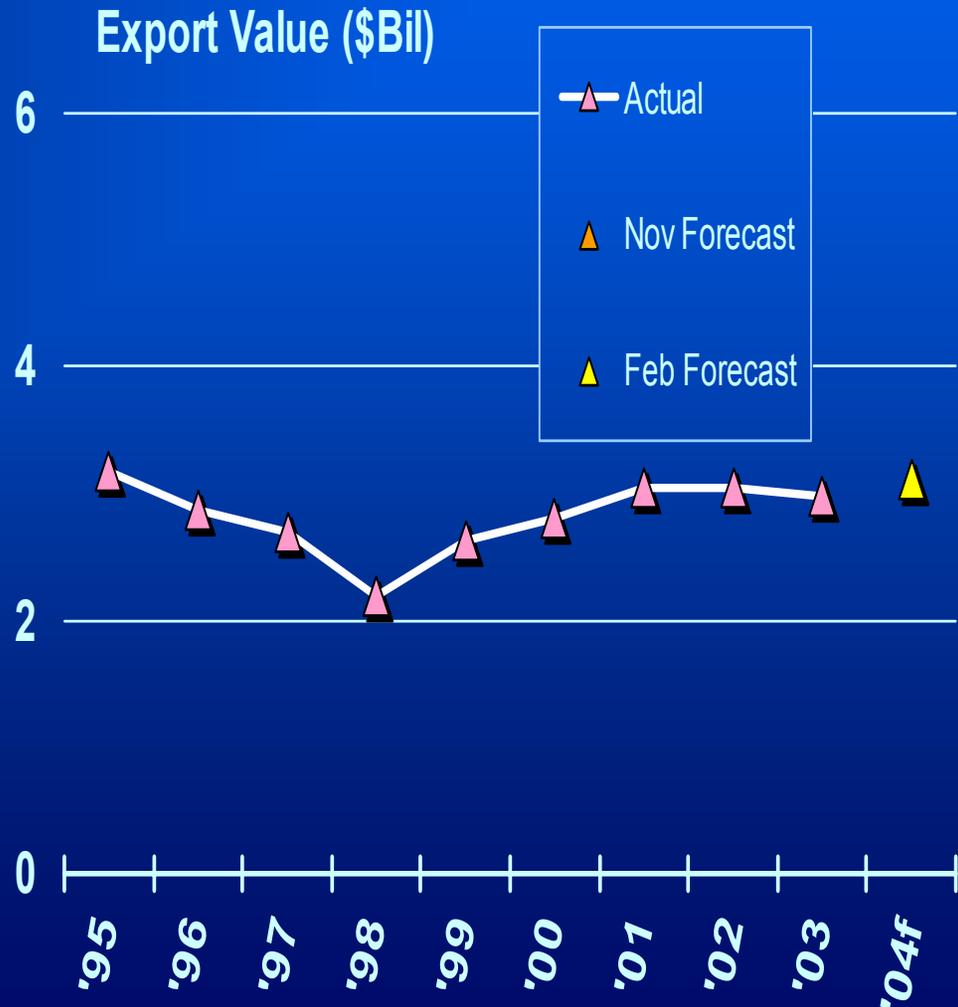
- 2004 Alaska salmon harvest is forecast to increase 13%
- Beef (BSE) and poultry (avian flu) concerns may help fishery product exports

Downside Developments

- U.S. initiation of shrimp antidumping duty investigations may hurt U.S. fishery product exports

Wild Cards

- Strength of the U.S. dollar?
- Size of U.S. harvests of lobster, salmon & other species



Export Outlook for Solid Wood Products

Revised FY 2004 Forecast:  \$100 million to \$5.1 Billion

Revised FY 2004 Forecast

Upside Developments

- Exports to Canada up due to US housing market and weaker US dollar
- Hardwood lumber exports to China continue to rise with China's furniture production

Downside Developments

- Exports to the Caribbean decreasing with limited hurricane-related construction
- Softwood lumber exports face increased competition in Japan and the EU

Wild Cards

- Wood products on Foreign Sales Corporation list

